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FOR EUR/NB AND EUR/ERA
MOSCOW FOR JALILI
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SUBJECT: ESTONIAN AND BALTIC VIEWS ON NORDSTREAM

REF: A. (A) 26SEPT07 RAMAN-ADKINS AND ADKINS-GARRY E-MAILS
[1](#)B. (B) 07 MOSCOW 05585
[1](#)C. (C) 07 HELSINKI 785
[1](#)D. (D) 21SEPT07 MESSENGER-ADKINS EMAIL

Classified By: Classified by Deputy Chief of Mission Karen Decker for reasons 1.4
(b) & (d)

[1](#)1. (C) Summary: Estonia feels the pressure is off them since their September refusal for NordStream to conduct environmental studies in Estonia's coastal economic zone. Though still opposed to an undersea Baltic gas pipeline, the GOE will have "no hard feelings" if the Finns should approve the project on their side of the straits. In any event, the Estonians will continue to support USG energy security goals for a stronger EU stance on diversity of supply sources and routes, and transparent pricing and contracts.
End Summary.

Saying No to NordStream: the GOE's View Then ...

[1](#)2. (C) In late September 2007, the GOE unanimously declined permission to NordStream to perform an environmental impact assessment (EIA) in Estonia's Economic Zone. The decision followed a four-month review period during which the GOE received input from twenty environmental and policy NGO's - including the Estonian Academy of Sciences - most of which were opposed to permitting the study. Leading up to the decision, our energy contacts at MFA told us that possible damage to the Baltic Sea ecosystem "really is a significant factor in our concerns about the pipeline, we're not just saying that". When the GOE announced its decision, FM Urmas Paet said further that the denial was based on three counts within Estonia's Exclusive Economic Zone Act (EZA). First, it would involve the use of drilling and coring machinery on the coastal shelf. Second, it could reveal

information about natural resources and their possible extraction, and third, the coordinates cited in the application included an area inside Estonia's territorial waters. (Note: this last concern was not an idle one. On January 7, 2008, press reports indicated that a vessel surveying for NordStream had in fact unlawfully surveyed the seabed 1 KM inside of Finland's territorial waters, and had left only after a call from the Finnish coast guard. End Note.) After the September decision, PM Ansip's office told us privately that while popular opposition was not the primary reason for refusal of NordStream's application, it was the "tipping point" for them (Ref A).

...and Now

13. (C) Reflecting on the project in late November, the Energy Office directors at both MFA and the Ministry of Economy told us that the "spotlight (on Nordstream's future) has shifted now" to other countries, such as Sweden's security concerns over the proximity of the pipeline's proposed route to Gotland island.

They said that in fact, the GOE was under little pressure now, and speculated that Nordstream was even pleased by the Estonian refusal, as it saved the company an estimated \$350,000 required to

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do the EIA. Now that the company's proposed route has returned to the Finnish side of the 65 KM channel between Tallinn and Helsinki, the Director of MFA's Energy Office said "There will be no hard feelings" if the Finns ultimately approve the project.

Other Views Around Town

14. (C) Our contacts at the Finnish embassy here in Tallinn tell us they see no reason to believe NordStream won't continue to move forward, and they are interested in supporting anything that will provide for the EU's energy needs. As Embassy Helsinki has reported, Finland is very familiar with dealing with the Russians on energy issues, and to them NordStream is nothing new; Finnish cooperation with Russia on projects like this goes way back. While continuing to note environmental concerns about the project, they profess none of the political or security concerns they saw playing into the Estonians' refusal. They feel that the Helsinki-based Baltic Marine Environment Protection Commission (Helcom) has effectively voiced many of the environmental concerns that Finland and other countries have with NordStream. Nevertheless, said econoff Tiita Maja, the company could have done a better job of PR. Even the resident German Ambassador here told Charge in early January that the Estonians were absolutely right to resent NordStream's attitudes, and agreed the company had done a sloppy

job, both on the substance and on the spin.

15. (C) The GOE was indeed palpably irked last summer at Nordstream's lack of effort to lay the groundwork publicly in Estonia. The company seemed to have taken the Estonians for granted then, doing nothing to persuade them that the pipeline was a good thing. In fact, NordStream announced to the press its original intention to study a route through Estonia's EEZ in May 2007 before even applying to the MFA for permission, and did no outreach with stakeholders here during the evaluation process. This belies NordStream's claims that they "...actively consulted with NGOs and the public in all Baltic Sea countries,... and that they do monthly visits to each affected country to meet with potential stakeholders." (reftel B) The Estonian Fund for Nature confirmed to us that NordStream conducted no consultations of any kind with environmental NGOs in Estonia.

16. (C) While the Finns tell us that NordStream consults with the GOF "almost every other month", our Polish colleagues in town tell a tale similar to that of the Estonians. The Polish Political Counselor in Tallinn, Jacek Sladewski, and Economic Counselor Jacek Pekacik told us in December that NordStream had not conducted any consultations with stakeholders in Poland either. He noted an exception would be the occasional papers submitted under the auspices of Helcom, or the 1991 Espoo Convention on EIA's. That said, Sladewski and Pekacik expressed skepticism at the GOE's professed environmental concerns over the pipeline: "What do they think - they are more environmental than the Finns and Swedes?" mused Sladewski, who, like the Finns, ascribed

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the
GOE's motives more to political objections against Russian involvement in the project.

17. (C) Despite their refusal of an EIA in their economic zone, the Estonians accept that the NordStream pipeline may in time be built. There is no serious talk here about a so-called Amber pipeline overland, or other alternatives to the planned undersea route. Either way, Estonia will continue to support USG goals on energy security including a stronger EU insistence on diversity of supply sources and routes, and transparency in pricing and contracts.

18. (U) Embassy Helsinki cleared the text of this cable.
PHILLIPS